

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

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### Weekly Highlights and Hot Bites No. 20

**Report Categories:**

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**Report Highlights:**

\*Monsoon hits Andaman Islands 3 days early\*, \*Food Security Act delayed\*, \*Imports surge as domestic milk output grows 3.9 percent\*, \*Food price inflation may decline as rice prices soften\*, \*General Motors prefers India for biodiesel research\*, \*Special purpose foods to come under government review\*.

## **General Information:**

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

## **MONSOON HITS ANDAMAN ISLANDS 3 DAYS EARLY**

The monsoon hit the Andaman Islands on May 17 and is expected to reach Kerala, tail end of Indian peninsula, by end May. On April 23, 2010, the Indian Metrological Department forecasted a normal monsoon, raising hopes of an upturn in the farm economy which was adversely impacted by last year's drought. Normal monsoon rains will bring down food prices, which had risen the highest in last 11 years. The forecast adequate rains will also replenish reservoirs, critical for irrigation, especially for the kharif/winter crop. (Source: Hindustan Times, 05/18/2010)

## **FOOD SECURITY ACT DELAYED**

Political considerations, differences over poverty numbers and logistical hurdles could delay the implementation of the proposed Food Security Act by one year despite the best efforts of the Planning Commission. Rolling out of the Act is likely to be dictated by political interest rather than the Food Ministry's preparedness to implement the proposed law that seeks to ensure a fixed amount of food grain per month to poor families. Agriculture Minister Sharad Pawar said that it will take at least 10 months for the paperwork to be through. The Planning Commission has to finalize the number of people below poverty line, cleared by the Union Cabinet of Ministers, circulated amongst central ministries and state governments and then finally put up for Public comments before presenting it to the Parliament for approval as an Act. (Source: Economic Times, 05/14/2010)

## **IMPORTS SURGE AS DOMESTIC MILK OUTPUT GROWS 3.9 PERCENT**

Domestic milk production is likely to grow by 3.9 percent this year—the same rate as that of last year—the National Dairy Development Board (NDDB) said. Milk production was 108.5 million tons

in the 2008-09 fiscal. The government is planning to launch a national dairy plan of Rs 174 billion to increase output to 180 million tons by 2021-22 as demand is expected to reach 172 million tons by then. "To meet the projected demand, we need to increase our annual production by 5 million tons from the current level of 2.5 million tons," Patel said, adding if that could not be achieved, we may have to resort to imports to meet demand. Import of dairy items during April 2009 through February 2010 surged by 275 percent to Rs 2.85 billion. Import consisted of skimmed milk powder and butter oil bought in by the NDDB to meet shortfall in milk procurement of its subsidiaries. (Source: Financial Express, 05/15/10 and Business Line, 05/18/10)

### **FOOD PRICE INFLATION MAY DECLINE AS RICE PRICES SOFTEN**

Low global demand and prices, large rice stocks, a ban on export of non-basmati rice, and good kharif prospects are expected to drive down local prices of rice. Projections of a normal monsoon this year, higher rice output in 2010/11 and good buffer stocks (26.2 versus 21.4million tons) would cap any rise in prices. High food prices pushed up food inflation to above 20 percent last year and have persistently remained above 16 percent since then. With limited options of profits through exports given the adverse global rice market, it is expected that rice prices will be pressured down for consumers in some weeks from now. (Source: Economic Times, 05/19/10)

### **GENERAL MOTORS PREFERS INDIA FOR BIODIESEL RESEARCH**

General Motors India Pvt Ltd's recent alliance with the Council for Scientific and Industrial Research-run Central Salt and Marine Chemical Research Institute (CSMCRI), Bhavnagar, has led to the possibility of commercial production of jatropha-based biodiesel. CSMCRI has supplied to GM nearly 12,000 liters of biodiesel and six vehicles have been successfully test driven — without any modifications in the machine— for some 50,000 km. This is a silent revolution-in-the-making, with GM toying with the idea of introducing biodiesel-capable products in the future and CSMCRI seeing potential in the cooperative model of jatropha plantation in wastelands, on the Amul lines. Additionally, GM and CSMCRI have entered into a tripartite agreement with the U.S. Department of Energy in a \$950,000 project in Gujarat for five years. (Source: Business Line, 05/19/10)

### **SPECIAL PURPOSE FOODS TO COME UNDER GOVERNMENT REVIEW**

The Food Safety and Standards Authority of India (FSSAI), plans to regulate foods for special purposes as well as nutritional uses after an outpouring of complaints against misleading and false claims trumpeted by companies. The FSSAI, under the aegis of the Health Ministry will frame new guidelines to examine the veracity of claims of all such foods in any form. Special dietary supplements would include functional foods, nutraceuticals, anti obesity foods, infant and sport foods. The new guidelines are being drafted, but the FSSAI has already shown it means business. FMCG powerhouse Hindustan Uniliver had to halt the production of its Kissan Amaze last month

after the malted beverage for children was charged with misbranding and misleading claims. The draft guidelines also stipulate that each of these foods will need to comply with specific requirements like need to be labeled as food supplements and nutritional information have to be given in separate supplement panels on the packs. (Source: Economic Times, 05/18/2010)

#### **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

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